



Financial Sector Investments In Congress and the Senate Banking Committee

UPDATED: February 3, 2010

The financial sectorⁱ greased the wheels of deregulation in Congress in the decade leading up to the economic meltdown. In the wake of the crisis, financial firms hope to erect enough roadblocks in the way of reform to preserve the status quo.

As the Senate returns to work this week, a major overhaul of financial regulation is at the top of the agenda for the Senate Banking, Housing and Urban Affairs committee. Big bank and Wall Street executives have publicly professed support for financial reform. Behind the scenes, however, they send legions of lobbyists to Capitol Hill to fight every substantive proposal to overhaul financial regulation.

Of the many different ways to measure the financial industry's influence and access on Capitol Hill, here we examine four: campaign contributions, fundraising, lobbying and the revolving door between financial firms and the Senate Banking committee that may determine the fate of financial reform legislation.

Campaign Contributionsⁱⁱ

The financial sector is the largest source of campaign contributions to federal candidates and parties. Members of the Senate Banking committee are top recipients of that largesse. Senate Banking committee members have received \$41.9 million in campaign contributions from PACs and individuals in the financial sector since 2005.

Committee chairman Christopher Dodd (D-CT) raised \$9 million from the financial sector, 51% of his fundraising over the five-year period. Ranking member Richard Shelby (R-AL) raised \$2.5 million, 28% of his total money raised, from the financial sector.

TABLE 1

Last November, Chairman Dodd tasked himself and seven other Banking committee members with re-drafting the major sections of financial reform legislation. These eight senators – Dodd, Shelby, Corker, Crapo, Gregg, Reed, Schumer, and Warner – have received the lion's share of financial sector contributions to the committee: a total of

\$26.1 million. Seven of the eight (excepting Sen. Gregg) rank among the committee's top 10 recipients of financial sector donations.

TABLE 2

Securities and Investment firms (aka Wall Street) were the biggest spenders over the period, giving committee members \$13.9 million. Commercial Banks, primary opponents of creating an independent consumer financial regulator, gave \$3.8 million to committee members.

TABLE 3

A brief look at the top Wall Street and banking donors to all of Congress last year found that the top five securities and investment donors in 2009 were: Investment Co Institute, FMR Corp, Morgan Stanley, Paloma Partners, and Goldman Sachs. The top five commercial bank donors were: the American Bankers Association, Independent Community Bankers of America, Citigroup, Bank of America, and JPMorgan Chase.

TABLE 4

Fundraising

What better way to ingratiate yourself with a member of Congress than to write him a check? Throw the party where he collects them. The financial sector and its lobbyists hosted at least 43 fundraisers for 11 members of the Senate Banking committee in 2009.

Lobbyists for 155 financial sector firms hosted the fundraisers. (Many events were hosted by lobbyists for multiple firms.) The most frequent host was the American Council of Life Insurers, whose lobbyists hosted 7 fundraisers for Banking committee members. Apollo Advisors, Centerpoint Properties, Mortgage Insurance Companies of America, Online Lenders Alliance, and Visa, each hosted 5 events.

Senator Robert Bennett (R-UT) scheduled 8 industry-hosted fundraisers, more than any other committee member.

Fundraising events included: A \$1,000 a plate Mexican dinner at La Loma for Senator Crapo; a 'meet-and-greet' hosted by the Securities Industry & Financial Market Association "welcoming the newest member of the Senate Banking Committee," Senator DeMint; \$2,500 to sponsor a concert "Evening With Fleetwood Mac" at the Verizon Center for Senator Bayh; \$4,800 to host breakfast at The Monocle, the "first table cloth restaurant" on the Hill, for Senator Schumer; and, a March luncheon for Senator Vitter jointly hosted by the banking industry and Senator Shelby.

TABLES 5 & 6

Although our analysis shows no events hosted by the financial sector for 12 members of the committee, this figure is not the whole picture. All but two of the 12 Senators with no hosted events scheduled are up for reelection in 2012 or 2014, making

them less likely to have held fundraisers in 2009. Furthermore, fundraiser information is obtained from a database which receives invitations to events on a strictly volunteer basis. Many fundraisers undoubtedly go unreported.

Fundraiser totals include events hosted by lobbyists for the US Chamber of Commerce, an active opponent of financial reform and the proposed consumer protection agency.

Revolving Door

The financial industry's access and influence in Congress multiplies when its lobbyists are drawn from the ranks of Congress and Congressional staff. 24 former Senate Banking committee members or committee staff currently lobby on behalf of the financial sector. The total includes 4 former Senators and 7 former committee staff directors.

95 financial firms employ lobbyists with ties to the Senate Banking committee. They include: Visa, which employed six lobbyists in 2009 who used to work for the Senate Banking committee; and Citigroup, the American Bankers Association, Goldman Sachs, and FINRA (the Financial Industry Regulatory Authority), all of which employed three lobbyists last year who are former Banking committee staff.

TABLE 7

Lobbying

Just as the financial sector is the largest campaign contributor to federal candidates, it also spends more than any other sector to lobby those candidates once they reach Congress. (Lobbying totals include contacts with all of Congress, not the Senate Banking Committee exclusively.)

The financial sector hired 2649 lobbyists in 2009 and spent over \$437 million lobbying Congress. The US Chamber of Commerce hired 127 lobbyists and paid them \$52 million through September 2009.

TABLE 8

ⁱ The financial sector, as identified by the Center for Responsive Politics, includes the following industries: Securities & Investment, Commercial Banks, Real Estate, Insurance, Finance & Credit, Accountants, Savings & Loans, Credit Unions and a catch-all Miscellaneous Finance.

ⁱⁱ Data for this report was obtained from multiple sources, including: The Center for Responsive Politics (<http://www.opensecrets.org>), the Sunlight Foundation (<http://www.politicalpartytime.org>), and the US Senate Lobbying Disclosure Act Database (http://www.senate.gov/legislative/Public_Disclosure/LDA_reports.htm).